Funds Managed by:

AKD Investment Management Ltd.

Half Yearly Report
December 31, 2016
(Un-audited)

half yearly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

Partner with AKD Profit from the Experience

AKD Investment Management Ltd.

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CORPORATE INFORMATION

MANAGEMENT COMPANY

AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim Memon

Director & Chief Executive Officer
Mr. Imran Motiwala

Directors
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi
Ms. Aysha Ahmed
Mr. Nadeem Saulat Siddiqui

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT AND RISK MANAGEMENT OF THE MANAGEMENT COMPANY

Ms. Noureen Nadir Ali

HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Noureen Nadir Ali (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Saim Mustafa Zuberi (Member)

RATING

AKD Investment Management Ltd. (AMC)
AM3+ (AM Three Plus) issued by PACRA

Vision

To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

Mission Statement

AKD Fund shall continuously strive to:

- *Keep primary focus on investing clients' interest*
- *Achieve highest standards of regulatory compliance and good governance*
- *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) and AKD Aggressive Income Fund (AKDAIF) is pleased to present its interim report along with the Funds' accounts for the half year ended December 31, 2016.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY17, the return of AKD Opportunity Fund stood at 41.70% compared to the benchmark KSE-100 Index return of 26.53%, thus significantly outperforming the benchmark by 15.17%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY17, the return of AKD Index Tracker Fund stood at 24.96% compared to the benchmark KSE-100 Index return of 26.53%.

AKD Cash Fund (AKDCF)

For the 1HFY17, the annualized return of AKD Cash Fund stood at 4.57% compared to benchmark return of 5.16%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY17, the annualized return of AKD Aggressive Income Fund stood at 6.33% compared to the benchmark return of 6.36%.

MACRO PERSPECTIVE

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, foreign direct investment (FDI) from CPEC and up gradation of Pakistan market from MSCI frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88%YoY as compared to 2.08%YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current account deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn- 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves level in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460bn against the target of PKR 1,615bn for the six month. The Government has set the target of tax collection to PKR 3.62tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300bn in the 1QFY17 against revenues of PKR 862.2bn, leading to a deficit of PKR 437bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard The National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax. The impact of the amnesty scheme remains to be seen.

EQUITY MARKET REVIEW

1QFY17 has been a record-breaking period for the PSX-100 index, which crossed 40,000 psychological barrier and closed at 40,542 points, posting a return of 7.3% in 1QFY'17. During the subsequent quarter, the index smashed all previous performance records and posting a whopping return of 17.92% in 2QFY17.In this regard the overall index level increased by 27% in 1HFY'17.

The performance of the index in 1HFY'17 can be mainly attributed to

- Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan in to Emerging Market Index.
- Oil price stability, as OPEC producers agreed to its first oil output cut in 8 years.
- Sales uptick in Pakistan auto sector, on the back of renewed consumer spending and rise in consumer financing.
- Country's successful completion of IMF program.
- Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.
- S&P raising Pakistan's sovereign credit rating to B from B-.
- Expectations of a substantial Export/Textile package to boost exports.
- 40% stake sale in the management of PSX, a consortium consisting of China Futures Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company (PCIC), and Habib Bank Ltd. (HBL) submitted the highest bid of PkR28/share for the 40% strategic stake.
- FBR's Revaluation of properties and regularization of real estate sector to increase tax net, as many investors switched from real estate to equity markets.

FUTURE OUTLOOK

We believe that market has incorporated many positives of expected inflows triggered by MSCI re-rating, CPEC and Expected export package. However at the current level PSX still has some room to grow as the current market P/E of 11x is still lower then MSCI EM P/E of 13x.

Apart from the P/E ratio, another ratio that makes us bullish on PSX is the market cap to GDP ratio. The current market cap to GDP is 30%, which shows that the market is substantially below its historical peak of 49% in CY07.

Furthermore, In September Pakistan became signatory of "Multilateral Convention on Mutual Administrative Assistance in Tax Matters", a framework created by OECD. The Convention is the most powerful instrument for international tax cooperation. It provides for all forms of administrative assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection. It guarantees extensive safeguards for the protection of taxpayers' rights.

By becoming a signatory of the convention, Pakistan has sent a strong signal of its intention to curb offshore tax evasion and avoidance. The benefit of such a step will be two folds, first it will help increase the tax net and secondly, it might trigger another wave of liquidity in local equity markets.

In addition to foreign portfolio investments we believe many strategic investments (apart from CPEC related investments), similar to RFC of Netherlands acquiring Engro Foods and Shanghai Electric's management takeover of K-Electric, are going to be the prime drivers of growth in the coming years.

MONEY MARKET REVIEW

During 4MFY17, The State Bank of Pakistan (SBP) carried out 9 T-bills auctions where the government managed to raise PKR 1.876 trillion. During this period, Weighted age average yield on 3, 6, and 12 months T-bills were at 5.85%, 5.89%, and 5.91 respectively down from 6.70%, 6.71%, and 6.79% during the corresponding period last year. SBP accepted 3 auctions bids out of 6 auctions of PIB's and managed to raise PKR 646.32 billion during 1HFY17. The PIB weighted average maturity yields on 3, 5, 10 years PIB declined to 6.17%, 6.67%, 7.75% respectively from 7.34%, 8.30%, 9.24% in the corresponding period last year. The Government announced Monetary Policy Statement on November 26,2016,where committee has decided to keep the policy rate unchanged at 5.75 percent. During 1HFY17 State Bank of Pakistan conducted 44 open market operations (OMO's) of different maturities and injected average amount of PKR 629.3 billion per OMO's at an average cut off yield of 5.80%.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: February 24, 2017

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

AKD انویسٹمنٹ مینجمنٹ لمیٹڈ(AKDIML)، جوAKD اپرچینیٹی فنڈ (AKDOF)، AKDانڈیکس ٹریکرفنڈ(AKDITF)، AKD کیش فنڈ(AKDCF)اورAKDاگریسیوانکم فنڈ(AKDAIF) کی مینجمنٹ کمپنی ہے، کے بورڈ آف ڈائریکٹرز 31دسمبر2016 کواختتام پذیردرمیانی مدت کےشش ماہی رپورٹ بمع فنڈز کےکھاتوں کےپیش کرتے ہوئے، دلی مسرت محسوس کرتی ہیں۔

فنڈز کی مالیاتی کارکردگی

AKDاپرچینیٹی فنڈ (AKDOF)

مالی سال2017 کی پہلی ششماہی میںKSE-100 کی26.53فیصدبینچ مارک آمدنی کو15.17فیصد پیچھےچھوڑتے ہوئے AKD اپرچینیٹی فنڈ کی آمدنی نےاس کےمقابلےمیں 41.70فیصدرہی۔

AKDانڈیکس ٹریکرفنڈ(AKDITF)

مالی سال2017 کی پہلی ششماہی میںKSE-100 کی26.53فیصدبینچ مارک آمدنی کےمقابلےمیںAKDانڈیکس ٹریکر فنڈ کی آمدنی 24.96فیصدرہی۔

AKD کیش فنڈ(AKDCF)

مالی سال2017 کی پہلی ششماہی میں 5.16فیصدبینچ مارک کےمقابلے پرAKD کیش فنڈ کی سالانہ کی بنیادپرآمدنی4.57فیصد رہی۔

AKDاگریسیوانکم فنڈ(AKDAIF)

مالی سال2017 کی پہلی ششماہی میں 6.36فیصدبینچ مارک کےمقابلے پرAKDاگریسیوانکم فنڈ کی سالانہ کی بنیادپرآمدنی6.33فیصد رہی۔

میکرو پرسپیکٹو :

نمایاں بڑے معاشی اشاریوں نے1HFY'17 میں مثبت رویہ جاری رکھا جسکی وجہ مغلوب افراط زر کی شرح، مستحکم کرنسی کی شرح تبادلہ اور مناسب زرمبادلہ کے ذخائر ہیں۔ مزید براں CPEC کیجانب سے براہ راست غیرملکی سرمایہ کاری (FDI)، اور پاکستانی مارکیٹ MSCIفرنٹیر مارکیٹس انڈیکس (FM) سے MSCI ایمرجنگ مارکیٹ انڈیکس(EM) اپ گریڈیشن سے عالمی مارکیٹ میں پاکستان کی پوزیشن میں مزید بہتری کے امکانات پیدا ہوگئے ہیں۔

CPIافراطِ زرکی شرح سال بہ سال کی بنیادپرگزشتہ سال کی اسی دورانیہ کیلئے2.08%کےمقابلےمیں1HFY'17 کے دوران3.88% تک جاپہنچی۔ نمایاں اضافہ ہاؤسنگ ،بجلی ،گیس اور ایندھن کے علاوہ اشیاءخوردونوش اور نان الکوالحک

مشروبات کے باعث آیا جسکا CPI میں بالترتیب 37% اور 29% حصہ ہے۔حکومت پاکستان نے تیل کی قیمتوں کے اضافے کے کچھ اثرات خود برداشت کئے جسکے نتیجے میں قیمتیں توقعات سے نیچے رہیں, 1HFY'17 کے دوران افراطِ زر کی شرح 4.5%-5.5% کے درمیان رہی جسکے نتیجہ میں اسٹیٹ بینک پاکستان نے متواتر ستمبر اور نومبر میں شرح سود 5.75% پر برقرار رکھا۔اجناس کی قیمتوں میں 2QFY'17 میں نمایاں اضافہ دیکھنے میں آیا جسکی بنیادی وجہ تیل کی قیمتوں کا بڑھنا تھا۔30 نومبر کو ویانا میں ہونے والے اوپیک(OPEC) کی منعقدہ میٹنگ میں فیصلہ کیا گیا کہ اوپیک اور دوسرے تیل پیدا کرنے والے ممالک روزانہ کی بنیاد پر اپنی پیداوار میں 1.8 ملین بیرل کی کمی کریں گے۔نیتجتاً تیل کی قیمتیں دوبارہ 50 ڈالر فی بیرل پر پہنچ گئیں۔اُمید ہے کہ مستقل قریب میں تیل کی قیمت 52-55 ڈالر فی بیرل پر پہنچ جائیں گی۔

تیل اور اجناس کی کم قیمتوں نے 1HFY'17 میں صارفین کو فائدہ پہنچایا تو دوسری طرف اجناس پیدا کرنے والے طبقوں کو فصلوں کی قیمتوں کی غیریقینی صورتحال کے باعث اور فصلوں کی قیمتوں میں گراوٹ کی وجہ سے کسانوں کی آمدنیوں میں شدید منفی اثرات مرتب ہوئے۔کارپوریٹ سیکٹر کو بھی 1QFY'17 میں قیمتوں میں گراوٹ کے باعث انونٹری میں کمی کی وجہ سے منافع میں کمی کا سامنا کرنا پڑا۔2QFY'17 کے دوران اجناس کی قیمتوں میں بہتری کے باعث کچھ مثبت رجحان دیکھنے میں آرہا ہے۔

آئندہ کیلئے یہ توقع ہے کہ 2016/2017 کے مالی سال کیلئے تیل کی قیمتوں میں اضافے کے باعث افراطِ زر کی شرح میں اضافہ ہوگا۔لیکن ہم سمجھتے ہیں کہ عالمی مارکیٹ میں اجناس کی ڈیمانڈ سے زائد سپلائی کے باعث افراطِ زر کی شرح اسٹیٹ بینک پاکستان (SBP) کی اوسط ٹارگیٹ رینج 4.5 اور 5.5 فیصد میں ہی رہے گی۔

اسٹیٹ بینک پاکستان (SBP) نے 1HFY'17 کیلئے 3.58 بلین ڈالر کا کرنٹ اکاؤنٹ میں خسارے رپورٹ کیا ہے۔جس کا باعث 1HFY'17 میں GCC سے ترسیلات زر (24%۔سال بہ سال) میں کمی اور تجارتی خسارے (+15.6% سال بہ سال) میں اضافہ ہے۔ 1HFY'17 میں 10.53 بلین ڈالر (2.3% سال بہ سال) کی برآمدات میں کمی اور درآمدات میں 21.34 بلین ڈالر (+8% سال بہ سال) کا اضافہ جس میں ترقیاتی کاموں اور بالخصوص CPEC کیلئے مشینوں کی درآمدات شامل ہیں ، تجارتی خسارے میں بگاڑ پیدا کردیا ہے۔ خدشہ ہے کہ کرنٹ اکاؤنٹ خسارہ ترسیلات زر کی صورتحال ،مسلسل مشینوں کی درآمدات اور تیل کی قیمتوں میں اضافہ کے باعث مزید خراب ہوگی۔ پاکستان کا کل لیکوڈ غیر ملکی زرمبادلہ 1HFY'16 , کے 20.812 بلین ڈالر کے مقابلے میں 1HFY'17 کے اختتام تک 23.163 بلین ڈالر تک پہنچ گیا۔1HFY'17 کے دوران عالمی مالیاتی ادارہ (IMF) نے اضافی فنڈ سہولت (Extended Fund Facility) کے تحت 102 ملین ڈالر کی آخری قسط جاری

کردی جسکے بعد عالمی مالیاتی ادارے کا تین سالوں پر محیط تقریباً 6.64 بلین ڈالر کی مالی سہولت کی تکمیل ہوگئی۔ 2QFY'17 میں عالمی مالیاتی ادارے (IMF) کا IMF پروگرام ختم ہوگیا جسکے بعد بیرونی قرضوں کی ادائیگیوں میں (مجموعی طور پر 1.75-1.5 بلین ڈالر) یورو بونڈ، پیرس کلب، جون 2017 میں چائنا کے SAFE قرضوں کی واپسی کے آغاز کے باعث مالی ذخائر پر دباؤ متوقع ہے۔ بہر حال حکومت، FY'17 (مالی سال 2017) میں 6.6 مہینوں میں برآمدات کے باعث بیرونی ذخائر کو برقرار رکھنے کے بارے میں پر اعتماد ہے۔

مالی محاذ پر 1HFY'17 میں فیڈرل بورڈ آف ریونیو (FBR) کو ٹیکس جمع کرنے کی مد میں 155 بلین روپے کی کمی کا سامنا ہے۔ فیڈرل بورڈ آف ریونیو (FBR) نے گذشتہ چھ ماہ میں 1615 بلین روپے کے ہدف کے مقابلے میں 1460 بلین روپے جمع کئے ۔حکومت نے FY'17 (مالی سال 2017) کیلئے ٹیکس محصولات کی مد میں 3.62 ٹریلین روپے کا ہدف مقرر کیا ہے جو ہمارے خیال میں خواہشات پر مبنی ہے۔ اس بات کا امکان ہے کہ حکومت کو IMF کی امداد کے بعد ٹیکس کی محصولات میں مشکلات کا سامنا کرنا پڑیگا۔ علاوہ ازیں ٹیکس کے محصولات بجٹ کے خسارے (جو کہ مالی سال 2017 میں GDP کا 3.8 فیصد ہے) پر اثر انداز ہو رہا ہے جسکی وجہ توقع سے کم قابل ٹیکس آمدنی اور ٹیکس سے مبرا آمدنیوں میں کمی ہے۔

1QFY'17 میں 862.2 بلین روپے کی آمدنی کے مقابلے میں مالی اخراجات 1300 بلین روپے تھا جو کہ 437 بلین (1.3%of GDP) کے خسارے کی صورت میں ظاہر ہوا۔ بہر حال حکومت آمدنی میں اضافہ کیلئے ٹھوس اور یقینی اقدامات کرنے پر اپنی توجہ مرکوز کر رہی ہے۔

ایکوٹی مارکیٹ کا جائزہ:

1QFY17 PSX-100 انڈیکس کیلئے تاریخ ساز رہا ہے جس نے 40,000 کی نفسیاتی حد عبور کی اور 40542 پوائنٹ پر بند ہوا اس طرح 1QFY'17 میں 7.3% منافع باعث بنا۔ بعد کے سہ ماہی میں انڈیکس نے ماضی کی تمام کارکردگیوں کے پاش پاش کر دیا اور 2QFY'17 میں 17.92% کا قوی الجثہ منافع دیا۔ مجموعی طور پر 1HFY'17 میں انڈیکس میں 27% کا اضافہ ریکارڈ میں آیا۔ 1HFY'17 میں انڈیکس کی کارکردگی درجہ ذیل سے منسوب کی جاسکتی ہے۔

- ☆ مورگن اسٹینلے کیپیٹل انٹرنیشنل (MSCI'S) پاکستان کی ایمرجنگ مارکیٹ انڈیکس میں ازسرنو درجہ بندی کی وجہ سے سرمایاکاروں اعتماد کا بڑھنا۔
- ☆ تیل کی قیمتوں میں استحکام ،آٹھ سالوں میں اوپیک (OPEC) کا پہلی بار تیل کی پیداوار میں کٹوتی کرنے کا فیصلہ
- ☆ کنزیومر فنانسنگ میں اضافہ کی وجہ سے کنزیومر اسپینڈ ننگ کی حوصلہ افزائی ، نتیجتاً آٹو سیکٹر کی سیلز میں اضافہ ہونا ۔
- ☆ ملک کا IMF پروگرام کا کامیابی سے مکمل کرنا۔
- ☆ CPEC پروجیکٹ میں مثبت پیشرفت جس سے ملک میں بجلی کی کمی کے دور ہونے اور ملک کی معشیت میں ایک نئے دور کے آغاز کا امکان۔

☆ S&P کا پاکستان کی خودمختاری کی کریڈٹ ریٹنگ B- سے B کرنا۔

☆ برآمدات اور ٹیکسٹائل کیلئے غیر معمولی اقدامات کا امکان۔

☆ ایک کنسورشم، جس میں چائنا فیوچرا یکسچیج، شنگھائی اسٹاک ایکسچینج، شینزن اسٹاک ایکسچینج، پاک چائنا انوسٹمنٹ کمپنی اور حبیب بینک لمیٹیڈ کو PSX کے 40% حصص کی فروخت کی گئی۔ HBL نے 40% اسٹریٹجک شیئر کیلئے بلند ترین بولی پیش کی جسکی مالیت 28 روپے فی شیئر بنتی ہے۔

☆ FBR کا جائیدادوں کی مالیتوں کا ازسرنو جائزہ لینا اور رئیل اسٹیٹ سیکٹر کو ٹیکس کے حصول کیلئے ریگولیرائیز کرنا، کیونکہ متعدد سرمایہ کاروں نے رئیل اسٹیٹ سے ایکوٹی مارکیٹ کا رُخ کیا ہے۔ ہمیں یقین ہے کہ مارکیٹ متعدد مثبت عناصر سے جڑ چکی ہے جسے MSCI کی ازسرنو درجہ بندی CPEC اور متوقع برآمدی پیکج نے متحرک کر دیا۔ ابھی بھی PSX کی موجودہ سطح میں بہتری کی گنجائش ہے کیونکہ موجودہ مارکیٹ کی گیارہ گنا P/E MSCIEM P/E کی 13 گنا P/E سے اب بھی کم ہے۔ P/E تناسب کے علاوہ ایک اور موازنہ جو PSX میں تیزی کے رجحان کا پتہ دیتا ہے وہ مارکیٹ مارکیٹ کیپ (Market Cap) کا GDP سے تناسب ہے۔ موجودہ مارکیٹ کیپ (Market Cap)، GDP کا 30% ہے جس سے پتہ چلتا ہے کہ مارکیٹ ابھی بھی CYO7 کی تاریخی بلندی سے 49% نیچے ہے جو کہ کافی زیادہ ہے۔

مزید برآں پاکستان، ستمبر میں ملٹی لیٹرل کنونشن برائے میوچل ایڈمنسٹریٹو اسسٹنٹ برائے ٹیکس کا دستخط کنندہ ہوگیا ہے جو کہ OECD کا تشکیل کردہ فریم ورک ہے۔ یہ کنونشن عالمی تعاون برائے ٹیکس کا مظبوط ترین نظام ہے۔ یہ ٹیکس کے معاملات میں تمام اقسام کی انتظامی سہولتیں مہیا کرتا ہے۔ جن میں معلومات کا تبادلہ، موقع پر تبادلہ، خودکار تبادلہ، بیرون ملک ٹیکس کا جائزہ، بیک وقت ٹیکس کا جائزہ اور ٹیکس کی وصولی میں مدد شامل ہیں۔

یہ نظام ٹیکس دینے والوں کے حقوق کو تحفظ دیتا ہے۔ اس کنونشن پر دستخط کنندہ ہونے کے بعد پاکستان نے آف شور کے ذریعہ ٹیکس چوری اور ٹیکس سے بچنے کے خلاف اقدامات اُٹھانے کے حوالے سے واضح پیغام دیا ہے۔ اس قسم کے اقدام سے دہرا فائدہ ہوگا۔ اول یہ کہ اس سے ٹیکس کنندگان میں اضافہ ہوگا دوم یہ کہ اس سے مقامی ایکوٹی مارکیٹ میں سرمایہ کاری کی ایک اور لہر جنم لے سکتی ہے۔ غیر ملکی پورٹ فولیو سرمایہ کاری کی بھی توقع کر رہے ہیں (CPEC سے متعلق سرمایہ کاری کے علاوہ) جو کہ ہالینڈ کی RFC کی اینگرو فوڈ اور شنگھائی الیکٹرک مینجمنٹ کی کے الیکٹرک کو حاصل کرنے جیسی ہوگی اور یہ آنے والے سالوں میں ترقی کیلئے اہم وجہ ہوگی۔

برائے ومنجانب بورڈ

عمران موتی والا

بورڈ کے چیف ایگزیکیوٹو آفیسر

کراچی، 24 فروری 2017

AKD Aggressive Income Fund
Financial Information - First Half FY17

Contents

AKD Aggressive Income Fund

AKD
AGGRESSIVE INCOME FUND

MANAGEMENT COMPANY
AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

TRUSTEE
Central Depository Company
of Pakistan Limited
CDC House 99-B, Block-B
S.M.C.H.S.,
Main Shahra-e-Faisal,
Karachi.

BANKERS
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
NRSP Microfinance Bank Limited
Summit Bank Limited
Tameer Microfinance Bank Limited
U Microfinance Bank Limited

AUDITORS
A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
Karachi-74000

LEGAL ADVISER
Sattar & Sattar Attorneys -at -law
3rd Floor, UBL Building,
I.I. Chundrigar Road, Karachi

REGISTRAR
AKD Investment Management Limited.
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS
AKD Investment Management Limited
AKD Securities Limited
BIPL Securities Limited
BMA Capital Management Limited
Finox (Pvt.) Limited
First Street Capital (Pvt.) Limited
IGI Investment Bank Limited
Savings Lounge (Pvt.) Limited
4 Sight Investments

RATING
AKD Aggressive Income Fund
PACRA: BBB+(f) [Triple B Plus (f)]

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme Category and type:

Open - end Aggressive Fixed Income Scheme

ii) Statement of Collective Investment Scheme's investment objective:

AKDAIF is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

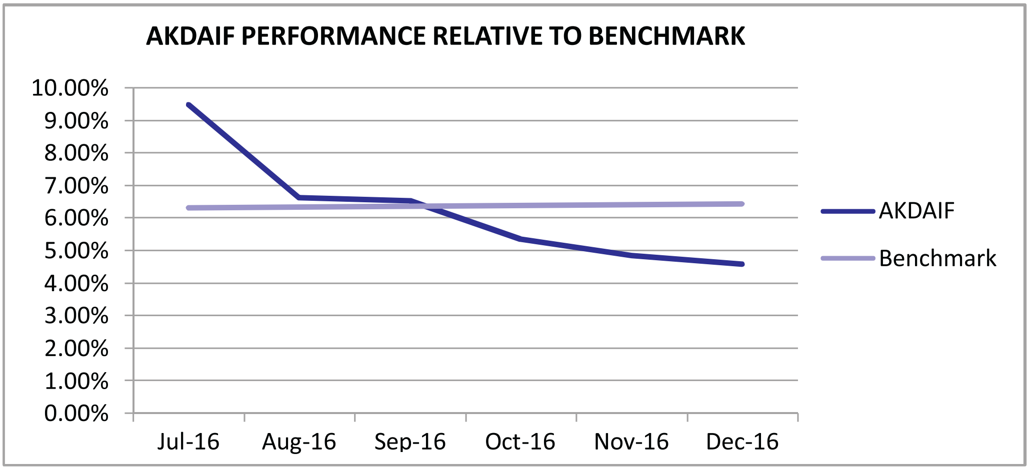
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY17, the annualized return of AKD Aggressive Income Fund stood at 6.33% compared to the benchmark return of 6.36%.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

1 Year KIBOR

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:



Monthly yield (annualized)	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
AKDAIF	9.49%	6.62%	6.52%	5.34%	4.84%	4.58%
Benchmark	6.31%	6.33%	6.35%	6.37%	6.40%	6.43%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:

AKD Aggressive Income Fund is an open end aggressive fixed income schemes, the return of the funds are generated through investment in T-bills, Margin Trading System, Spread transaction and corporate debt instruments. AKDAIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

vii) Disclosure of Collective Investment Scheme's asset allocation as the date of the report and particulars of significant changes in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Asset)	31-December-2016	30-September-2016
Cash and Cash Equivalents	3.43%	23.83%
Placement with Banks	32.24%	29.21%
Preference Shares	0.44%	0.43%
MTS	-	0.15%
TFCs / SUKUK	21.40%	12.27%
Spread Transaction (Cost)	15.61%	10.39%
Other assets including receivables	26.88%	23.72%

viii) Non-Compliant Investment

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision made during the period	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
		Rupees in '000				
Security Leasing Corporation Limited	Preference Shares	5,099	-	5,099	0.54%	0.44%

ix) Analysis of the Collective Investment Scheme's performance:

1HFY17Return (annualized)	6.33%
Benchmark (annualized)	6.36%

x) Changes in total NAV and NAV per unit since the last reviewed period:

Net Asset Value		Change in Net Assets	NAV Per Unit	
31-Dec-16	30-Sep-16		31-Dec-16	30-Sep-16
(Rupees In '000)			(Rupees)	
941,239	1,058,752	-11.10%	53.3018	52.6345

xi) Disclosure on the markets that the Collective Investment Scheme has invested in including-reviews of the market (s) invested in and return during the period:

Economy

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, foreign direct investment (FDI) from CPEC and up gradation of Pakistan market from MSCI frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88%YoY as compared to 2.08%YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current account deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn- 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460bn against the target of PKR 1,615bn for the six month. The Government has set the target of tax collection to PKR 3.62tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300bn in the 1QFY17 against revenues of PKR 862.2bn, leading to a deficit of PKR 437bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard The National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax. The impact of the amnesty scheme remains to be seen.

Money Market

During 4MFY17, The State Bank of Pakistan (SBP) carried out 9 T-bills auctions where the government managed to raise PKR 1.876 trillion. During this period, Weighted age average yield on 3, 6, and 12 months T-bills were at 5.85%, 5.89%, and 5.91 respectively down from 6.70%, 6.71%, and 6.79% during the corresponding period last year. SBP accepted 3 auctions bids out of 6 auctions of PIB's and managed to raise PKR 646.32 billion during 1HFY17. The PIB weighted average maturity yields on 3, 5, 10 years PIB declined to 6.17%, 6.67%, 7.75% respectively from 7.34%, 8.30%, 9.24% in the corresponding period last year. The Government announced Monetary Policy Statement on November 26,2016 ,where committee has decided to keep the policy rate unchanged at 5.75 percent. During 1HFY17 State Bank of Pakistan conducted 44 open market operations (OMO's) of different maturities and injected average amount of PKR 629.3 billion per OMO's at an average cut off yield of 5.80%.

xii) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements:

There were no significant changes in the state of affairs during the period under review.

xiii) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

xiv) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	49
10,000 - 49,999	16
50,000 - 99,999	11
100,000 - 499,999	8
500,000 and above	6
	90

xv) Disclosure of circumstances that materially affect any interest of unit holders:

Investments are subject to credit and market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:

No soft commissions have been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Aggressive Income Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD Aggressive Income Fund** (the Fund) as at December 31, 2016, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (AKD Investment Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial information of the Fund for the half year ended December 31, 2015 was reviewed and the financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 19, 2016 and September 28, 2016 respectively.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer

Karachi: February 24, 2017

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
ASSETS		----- (Rupees in '000) -----	
Bank balances	4	**384,638**	277,235
Investments	5	**446,777**	474,931
Receivable against Margin Trading System		**-**	64,602
Loans and receivables	6	**5,099**	5,099
Profit and other receivables	7	**254,777**	6,197
Deposits and prepayments	8	**54,034**	9,528
Future contract receivable		**2,227**	1,841
Receivable on conversion of units		**-**	28,405
Total assets		**1,147,552**	867,838
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	**6,423**	5,518
Payable to Central Depository Company of Pakistan Limited - Trustee	10	**184**	204
Payable to Securities and Exchange Commission of Pakistan	11	**386**	542
Accrued expenses and other liabilities	12	**198,270**	20,254
Payable on redemption of units		**1,050**	-
Total liabilities		**206,313**	26,518
NET ASSETS		**941,239**	841,320
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**941,239**	841,320
CONTINGENCIES AND COMMITMENTS	13		
		------- (Number of units) -------	
NUMBER OF UNITS IN ISSUE		**17,658,658**	16,288,015
		------------ (Rupees)------------	
NET ASSET VALUE PER UNIT		**53.3018**	51.6527
FACE VALUE PER UNIT		**50**	50

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Half year ended December 31, 2015	Quarter ended December 31, 2016	Quarter ended December 31, 2015
		---------------------- (Rupees	in '000) ----------------------		
INCOME					
Capital (loss) / gain on sale of investments - net		**(38)**	101	**(28)**	51
Profit on bank deposits		**5,136**	1,378	**3,179**	536
Income from government securities		**5,007**	24,224	**3,437**	11,644
Income from Term Finance Certificates and Sukuk bonds		**6,387**	1,501	**3,273**	718
Income from spread transactions		**3,484**	-	**2,319**	-
Income from Term Deposit Receipts		**13,587**	53	**7,299**	53
Income from Margin Trading System		**1,504**	1,945	**1**	1,056
		35,067	29,202	**19,480**	14,058
Dividend income		**5,702**	-	**1,876**	-
Unrealised appreciation / (diminution) on re-measurement of invesment classified as 'financial assets at fair value through profit or loss' - net	5.6	**968**	7,564	**(5,976)**	981
Unrealised appreciation / (diminution) in the fair value of future contracts		**2,227**	(819)	**5,426**	(819)
Total Income		**43,964**	35,947	**20,806**	14,220
EXPENSES					
Remuneration of AKDIML- Management Company	9.2	**7,725**	5,361	**4,229**	2,609
Sales tax on management fee	9.3	**1,004**	870	**549**	423
Federal excise duty on management fee	9.1	**-**	858	**-**	418
Expense ratio capping @ 2%	16	**(861)**	-	**(257)**	-
Remuneration of CDC - Trustee		**848**	608	**453**	296
Sales tax on Trustee fee	10.2	**110**	85	**59**	41
Annual fee of Securities and Exchange Commission of Pakistan		**386**	268	**211**	130
Securities transaction cost		**1,159**	92	**632**	89
Reversal of impairment loss on investments		**-**	(670)	**-**	(550)
Auditors' remuneration		**180**	175	**88**	87
Settlement and bank charges		**203**	60	**90**	28
Fees and subscription		**551**	482	**182**	264
Legal and professional		**178**	178	**35**	51
Allocated expenses from Management Company	9.4	**515**	-	**282**	-
Printing and related cost		**87**	88	**45**	44
Total Expenses		**12,085**	8,455	**6,598**	3,930
Net income from operating activities		**31,879**	27,492	**14,208**	10,290
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		**(2,757)**	(2,261)	**(4,835)**	(2,264)
Net income for the period before taxation		**29,122**	25,231	**9,373**	8,026
Taxation	14	**-**	-	**-**	-
Net income for the period after taxation		**29,122**	25,231	**9,373**	8,026
Other comprehensive income for the period					
Unrealised diminution on re-measurement of investments classified as 'available for sale' - net		**-**	-	**-**	-
Total comprehensive income for the period		**29,122**	**25,231**	**9,373**	**8,026**
Earnings per unit - basic and diluted	15				

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	---------------------- (Rupees	in '000) ----------------------		
Undistributed income brought forward comprising of:				
Realised income	**68,356**	15,022	**79,801**	25,607
Unrealised (loss) / income	**(36,325)**	(5,284)	**(28,021)**	1,336
	32,031	9,738	**51,780**	26,943
Net income for the period after taxation	**29,122**	25,231	**9,373**	8,026
Undistributed income carried forward	**61,153**	34,969	**61,153**	34,969
Undistributed income carried forward comprising of:				
Realised income	**95,152**	32,601	**95,152**	32,601
Unrealised (loss) / income	**(33,999)**	2,368	**(33,999)**	2,368
	61,153	34,969	**61,153**	34,969

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	---------------------- (Rupees	in '000)	----------------------	
Net assets at beginning of the period	**841,320**	536,274	**1,058,752**	723,429
Issue of 17,725,421 (2015: 9,427,455) units for the half year ended	**930,484**	481,733	**391,265**	115,367
Redemption of 16,354,778 (2015: 7,650,008) units for the half year ended	**(862,444)**	(394,616)	**(522,986)**	(198,203)
	68,040	87,117	**(131,721)**	(82,836)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net - transferred to Income Statement	**2,757**	2,261	**4,835**	2,264
Capital (loss) / gain on sale of investments	**(38)**	101	**(28)**	51
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	**968**	7,564	**(5,976)**	981
Unrealised appreciation / (diminution) in the fair value of future contracts - net	**2,227**	(819)	**5,426**	(819)
Other net income for the period	**25,965**	18,385	**9,951**	7,813
	29,122	25,231	**9,373**	8,026
Net assets at end of the period	**941,239**	650,883	**941,239**	650,883

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Half year ended December 31, 2015	Quarter ended December 31, 2016	Quarter ended December 31, 2015
		(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period before taxation		**29,122**	25,231	**9,373**	8,026
Adjustments for non-cash and other items					
Unrealised appreciation in fair value of investments classified as 'financial assets at fair value through profit or loss' - net		**(968)**	(7,564)	**5,976**	(981)
Unrealised (appreciation) / diminution on re-measurement of future contracts		**(2,227)**	819	**(5,426)**	819
Capital (gain)/loss on sale of investments		**38**	(101)	**28**	(51)
Reversal of impairment loss		**-**	(670)	**-**	(550)
Element of loss and capital losses included in proces of units issued less those in units redeemed		**2,757**	2,261	**4,835**	2,264
		28,722	19,976	**14,786**	9,527
(Increase) / decrease in assets					
Investments		**6,447**	(21,962)	**(153,601)**	(21,586)
Receivable against Margin Trading System		**64,602**	(81,002)	**1,750**	(70,117)
Profit and other receivables		**(248,580)**	1,738	**(35,584)**	(3,738)
Deposits and prepayments		**(44,506)**	-	**(6,472)**	-
Future contract receivable		**(386)**	-	**972**	-
Receivable on conversion of units		**28,405**	-	**11,339**	-
		(194,018)	(101,226)	**(181,596)**	(95,441)
Increase / (decrease) in liabilities					
Payable to Management Company		**905**	865	**576**	271
Payable to Trustee		**(20)**	36	**13**	(15)
Payable to Securities and Exchange Commission of Pakistan		**(156)**	(112)	**211**	130
Payable on redemption of units		**1,050**	1,502	**1,050**	1,502
Accrued expenses and other liabilities		**178,016**	(180)	**76,853**	(288)
Fair value of derivatives		**-**	819	**-**	819
		179,795	2,930	**78,703**	2,419
Net cash generated from / (used in) operating activities		**14,499**	(78,320)	**(88,107)**	(83,495)
CASH FLOW FROM FINANCING ACTIVITIES					
Net receipts / (payments) against issuance / redemptions of units		**68,040**	87,117	**(131,721)**	(82,836)
Net cash generated from / (used in) financing activities		**68,040**	87,117	**(131,721)**	(82,836)
Net increase/(decrease) in cash and cash equivalents during the period		**82,539**	8,797	**(219,828)**	(166,331)
Cash and cash equivalents at beginning of the period		**302,099**	202,747	**604,466**	377,875
Cash and cash equivalents at end of the period	4.3	**384,638**	211,544	**384,638**	211,544

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Nadeem Saulat Siddiqui**
Chief Executive Officer	Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML - Management Company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the trust deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.

The Fund is classified as 'Aggressive Fixed Income Scheme'. The principal activity of the Fund is to make investments in government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of mushrakas (COM), TDRs, commercial paper, reverse repo, TFC/Sukuk, spread transactions and transactions under Margin Trading System. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager rating of "AM3+" to the Management Company dated June 8, 2016. PACRA has also assigned fund stability rating of "BBB+(f)" to the Fund dated December 9, 2016.

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.3 In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

3.1 The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2016.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The developement relating to estimation of provision in respect of Workers' Welfare Fund is given in note 12.1 to this condensed interim financial information.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in this condensed interim financial information.

4. BANK BALANCES	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
		--------(Rupees	in '000)--------
In savings accounts	4.1	**14,622**	72,219
In current accounts		**16**	16
		14,638	72,235
Term deposit receipts	4.2	**370,000**	205,000
		384,638	277,235

4.1 These accounts carry markup at rates ranging from 3.75% to 5% (June 30, 2016 : 3.75% to 5.5%) per annum.

4.2 These carry markup at rates ranging from 6.7% to 11% (June 30, 2016: 6.75% to 10%) per annum and maturities ranging from January 20, 2017 to May 22, 2017 (June 30, 2016: July 18, 2016 to August 18, 2016).

4.3 Cash and cash equivalents	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
		--------(Rupees	in '000)--------
Bank Balances	4	**384,638**	277,235
Market Treasury Bills having original maturity of upto 3 months	5.1.2	**-**	24,864
		384,638	302,099

5. INVESTMENTS	Note	December 31, 2016	June 30, 2016
Financial assets at fair value through profit or loss - held for trading			
- Debt securities	5.1	**270,286**	286,137
- Listed equity securities	5.2	**176,491**	188,794
		446,777	474,931
Available-for-sale			
- Debt securities	5.3	**-**	-
		446,777	474,931

5.1 Financial assets at fair value through profit or loss - held for trading - Debt Securities	Note	December 31, 2016	June 30, 2016
Term finance certificates	5.1.1	**245,585**	141,927
Government securities	5.1.2	**24,701**	144,210
		270,286	286,137

5.1.1 Term finance certificates - Financial assets at fair value through profit or loss - held for trading

Name of Investee Company	Face value per certificate	Number of certificates				Profit / markup rate	Balance as at December 31, 2016			Market value as a percentage of total investments	Market value as a percentage of Net Assets
		As at July 1, 2016	Purchased during the period	Sold / redeemed during the period	As at December 31, 2016		Carrying value	Market value	Appreciation / (diminution)		
	--- Rupees ---						-------------------Rupees in '000'---------------			-------------- % --------------	
Term finance certificates - listed											
Dewan Cement Limited - (note 5.1.1.1)	5,000	20,000	-	-	20,000	6 months KIBOR + 2.00%	-	-	-	-	-
Pace Pakistan Limited (15-02-08)	5,000	115	-	-	115	6 months KIBOR + 2.00%	-	-	-	-	-
Summit Bank Limited (27-10-11)	5,000	5,000	-	-	5,000	6 months KIBOR + 3.25%	25,148	25,179	31	5.64	2.68
Worldcall Telecom Limited (07-10-08)	5,000	20,000	-	-	20,000	6 months KIBOR + 1.60%	-	-	-	-	-
Term finance certificates - unlisted											
The Bank of Punjab (23.12.16)	100,000	-	1,000	-	1,000	6 months KIBOR + 1.00%	100,000	100,000	-	22.38	10.62
							125,148	125,179	31		
Sukuk certificates*											
* applied for listing in Pakistan Stock Exchange											
Hascol Petroleum Limited (07.01.16)	5,000	11,000	-	-	11,000	3 months KIBOR + 1.50%	56,774	57,015	241	12.76	6.06
Sukuk certificates - unlisted											
TPL Trakker Limited (13.04.16)	1,000,000	60	-	-	60	1 Year KIBOR + 3.00%	60,000	63,391	3,391	14.19	6.73
Total - December 31, 2016							**241,922**	**245,585**	**3,663**		
Total - June 30,2016							139,948	141,927	1,979		

5.1.1.1 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund has made provision for the amount of the investment in accordance with the provisioning policy approved by the Board of Directors of the Management Company.

5.1.2 Government Securities - Financial assets at fair value through profit or loss - held for trading

Issue date		Tenor	Face value			As at December 31, 2016	Balance as at December 31, 2016			Market value as a percentage of investments	Market value as a percentage of net assets
			As at July 1, 2016	Purchased during the period	Sold / matured during the period		Carrying value	Market value	Appreciation / (diminution)		
			Rupees in '000							%	
Market treasury bills											
August 6, 2015		12 months	120,000	-	120,000	-	-	-	-	-	-
May 12, 2016		3 months	25,000	-	25,000	-	-	-	-	-	-
August 18, 2016		3 months	-	50,000	50,000	-	-	-	-	-	-
July 11, 2016		6 months	-	50,000	50,000	-	-	-	-	-	-
July 11, 2016		6 months	-	25,000	25,000	-	-	-	-	-	-
July 11, 2016		6 months	-	25,000	25,000	-	-	-	-	-	-
November 10, 2016		3 months	-	100,000	100,000	-	-	-	-	-	-
November 10, 2016		3 months	-	70,000	70,000	-	-	-	-	-	-
November 10, 2016		3 months	-	30,000	30,000	-	-	-	-	-	-
July 11, 2016		6 months	-	100,000	100,000	-	-	-	-	-	-
July 11, 2016		6 months	-	50,000	50,000	-	-	-	-	-	-
December 8, 2016		3 months	-	100,000	100,000	-	-	-	-	-	-
May 12, 2016		6 months	-	25,000	25,000	-	-	-	-	-	-
August 4, 2016		3 months	-	25,000	25,000	-	-	-	-	-	-
August 18, 2016		3 months	-	50,000	50,000	-	-	-	-	-	-
March 17, 2016	(refer 5.1.2.1)	12 months	-	25,000	-	25,000	24,703	24,701	(2)	5.53	2.62
			145,000	725,000	845,000	25,000	24,703	24,701	(2)		
Total - December 31, 2016							**24,703**	**24,701**	**(2)**		
Total - June 30, 2016							144,205	144,210	5		

5.1.2.1 On December 29, 2016, the Fund transferred Rs. 25 million (face value) into National Clearing Company Limited (NCCPL) Exposure margin account maintained with Bank Alfalah Limited in respect of Exposure Margin and Mark-to-Market losses in Marginal Trading System.

5.2 Listed Equity Securities - Financial Assets at fair value through profit or loss - Held for trading

Name of Investee Company	Number of Shares				As at December 31, 2016	Balance as at December 31, 2016			Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2016	Purchased during the year	Bonus / right issue	Sold during the period		Carrying value	Market value	Appreciation / (diminution)		
						-------------------Rupees in '000'---------------			-------------- % --------------	
Adamjee Insurance Company Limited	-	20,000	-	20,000	-	-	-	-	-	-
Amreli Steels Limited	-	47,500	-	27,500	20,000	1,340	1,332	(8)	0.30	0.14
Askari Bank Limited	-	1,240,000	-	1,240,000	-	-	-	-	-	-
Attock Refinery Limited	-	84,500	-	84,500	-	-	-	-	-	-
Bank Alfalah Limited	-	54,000	-	54,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	5,000	-	5,000	-	-	-	-	-	-
Dewan Cement Limited	-	2,461,500	-	2,461,500	-	-	-	-	-	-
Engro Corporation Limited	251,500	518,000	-	769,500	-	-	-	-	-	-
Engro Fertilizers Limited	50,000	2,055,500	-	2,098,500	7,000	479	476	(3)	0.11	0.05
Engro Foods Limited	-	133,000	-	112,500	20,500	3,562	3,935	373	0.88	0.42
Fauji Cement Company Limited	10,000	-	-	10,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	275,500	-	217,500	58,000	3,033	2,970	(63)	0.66	0.32
International Steels Limited	-	350,500	-	350,500	-	-	-	-	-	-
K-Electric Limited	1,858,500	1,690,000	-	3,548,500	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	20,000	-	20,000	-	-	-	-	-	-
National Bank of Pakistan	-	50,000	-	50,000	-	-	-	-	-	-
Nishat Chunian Limited	-	304,500	-	304,500	-	-	-	-	-	-
Nishat Mills Limited	200,000	302,000	-	502,000	-	-	-	-	-	-
Oil & Gas Development Company Limited	-	37,000	-	30,000	7,000	1,155	1,157	2	0.26	0.12
Pak Elektron Limited	-	1,681,000	-	1,644,500	36,500	2,483	2,602	119	0.58	0.28
Pakcem Limited	-	22,000	-	22,000	-	-	-	-	-	-
Pakistan State Oil Company Limited	50,000	155,000	-	205,000	-	-	-	-	-	-
Quice Food Industries Limited	-	1,288,500	-	1,288,500	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	300,000	362,000	-	662,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	151,500	39,500	-	191,000	-	-	-	-	-	-
The Bank of Punjab	-	5,919,500	-	1,866,000	4,053,500	73,095	71,544	(1,551)	16.01	7.60
TPL Trakker Limited	368,000	850,500	-	1,138,500	80,000	1,458	1,410	(48)	0.32	0.15
TRG Pakistan Limited	788,500	10,637,500	-	9,368,500	2,057,500	92,579	91,065	(1,514)	20.38	9.68
United Bank Limited	-	5,500	-	5,500	-	-	-	-	-	-
Total - December 31, 2016						**179,184**	**176,491**	**(2,693)**		
Total - June 30, 2016						190,157	188,794	(1,363)		

The above equity securities were purchased in the ready market and simultaneously sold in the future market, resulting in spread income due to difference in ready and future stock prices.

5.3 Debt Securities - Available for sale

Name of Investee Company	Face value per certificate	Number of certificates				Profit / markup rate	Balance as at December 31, 2016			Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2016	Purchased during the year	Sold / redeemed during the year	As at December 31, 2016		Carrying value	Market value	Appreciation / (diminution)		
	--- Rupees --						-------------------Rupees in '000'---------------			--------------- % ---------------	
Sukuk certificates - unlisted											
New Allied Electronics Industries (Private) Limited (25-07-07)	312.50	96,000	-	-	96,000	3 months KIBOR + 2.60%	30,000	-	(30,000)	-	-
							30,000	-	(30,000)		
Less: Impairment recognized in the income statement in prior years							30,000	-	30,000		
Total - December 31, 2016							**-**	**-**	**-**		
Total - June 30, 2016							-	-	-		

		Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
5.4	**Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for-sale' - net**		--------(Rupees	in '000)--------
	Market value of investments	5.3	-	-
	Less:			
	Cost of investments	5.3	30,000	30,000
	Impairment loss recognised	5.3	(30,000)	(30,000)
			-	-
			-	-
	Less: Net unrealised appreciation in fair value of investments classified as available-for-sale at beginning of the period		-	-
			-	-
5.5	**Movement of impairment loss**			
	Opening		130,000	130,686
	Less: reversal due to redemption of securities		-	(686)
	Closing		130,000	130,000
5.6	**Unrealised appreciation/ (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net**			
	Market value of securities	5.1.1, 5.1.2 & 5.2	446,777	474,931
	Less: carrying value of securities	5.1.1, 5.1.2 & 5.2	(445,809)	(474,310)
			968	621
6.	**LOANS AND RECEIVABLES**			
	Preference shares			
	Security Leasing Corporation Limited	6.1	5,099	5,099

6.1 In view of its adverse financial position, Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010. Provision amounting to Rs. 6.25 million was made during 2015 on the basis of breakup value per share as per the financial statements of SLCL for the nine months ended March 31, 2015. The management believes that no further provision is required against this amount.

6.2.1 Non-compliance with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. AKD Investment Management Limited (Management Company) classified AKD Aggressive Income Fund (the Fund) as 'Aggressive Fixed Income Scheme' in accordance with the said circular. As at December 31, 2016, the Fund is compliant with all the requirements of the said circular except for investment in preference shares of Security Leasing Corporation Limited.

		Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
7.	**PROFIT AND OTHER RECEIVABLES**		--------(Rupees	in '000)--------
	Profit / income receivable on:			
	- Term Finance and Sukuk Certificates		**2,848**	2,715
	- Margin Trading System		**-**	435
	- Term Deposit Receipts		**4,330**	2,772
	- Bank deposits		**471**	275
	Dividend receivable		**988**	-
	Receivable against sale of securities		**245,279**	-
	AKD Investment Management Limited	16	**861**	-
			254,777	6,197
8.	**DEPOSITS AND PREPAYMENTS**			
	Advance Tax		**27**	-
	Security deposits with			
	- National Clearing Company of Pakistan Limited (NCCPL)		**53,760**	9,252
	- Central Depository Company of Pakistan Limited		**100**	100
			53,860	9,352
	Prepayment - NCCPL Annual fee (MTS)		**50**	176
	Prepayment - PSX Annual fee		**27**	-
	Prepayment - Credit Rating fee		**70**	-
			54,034	9,528
9.	**PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**			
	Management remuneration	9.2	**1,439**	1,057
	Federal Excise Duty on Management Remuneration	9.1	**4,141**	4,141
	Sales tax payable	9.3	**187**	172
	Allocated expenses from management company	9.4	**656**	141
	Sales load		**-**	7
			6,423	5,518

9.1 As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company had been applied effective June 13, 2013. The Management Company was of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a constitutional petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

During the period the SHC has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. The Deputy Commissioner Inland Revenue, Zone II has filed a petition for leave to appeal against the SHC order with the Supreme Court of Pakistan.

Further with effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 01, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 4.14 million has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re 0.2345 (June 30, 2016: Re 0.2542) per unit.

9.2 The Management Company has charged remuneration at the rate of 1.5 % per annum based on the daily net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

9.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the fee of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.4 Last year, the SECP vide SRO No 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to collective investment schemes upto a maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged operating expenses amounting to Rs 0.515 million to the Fund from July 01, 2016 to December 31, 2016.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	**Note**	**(Unaudited) December 31, 2016**	**(Audited) June 30, 2016**
		--------(Rupees	**in '000)--------**
Trustee fee	10.1	**153**	120
CDS charges		**10**	59
Sindh sales tax on trustee fee and CDS charges	10.2	**21**	25
		184	204

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. In the current year the Management Company has charged trustee fee at the rate of 0.17 percent per annum, of the average annual net assets of the Fund.

10.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	**Note**	**(Unaudited) December 31, 2016**	**(Audited) June 30, 2016**
		--------(Rupees	**in '000)--------**
Auditors' remuneration		**191**	274
NCCPL clearing charges		**32**	91
Witholding tax payable		**582**	8,886
Others		**1,119**	1,234
Payable against purchase of securities		**191,499**	4,922
Provision for Workers Welfare Fund	12.1	**4,847**	4,847
		198,270	20,254

12.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (Sindh WWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay Sindh WWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from the applicability of Sindh WWF.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has recommended the following to all its members on January 12, 2017:

- based on a legal opinion, the entire provision against the Federal WWF held by the CISs till June 30, 2015, should be reversed on January 12, 2017; and

- as a matter of abundant caution the provision in respect of Sindh WWF should be made with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015) on January 12, 2017.

Accordingly, on January 12, 2017 the provision for Federal WWF was reversed and the provision for Sindh WWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for Sindh WWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

The cumulative net effect of the above two adjustments if these had been made on December 31, 2016 would have resulted in an increase in the net asset value per unit of the Fund by Re 0.1710.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no contingencies as at December 31, 2016 and June 30, 2016.

13.2 Commitments

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	--------(Rupees in '000)--------	
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions not settled as at period / year end	-	15,976
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions not settled as at period / year end	-	8,854
Sale of listed equity securities in future (for spread transactions)	**180,730**	191,931

14. TAXATION

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised, is distributed amongst the unit holders in cash. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Ordinance. The management intends to distribute at least 90% of income earned during the current year to the unit holders, therefore no provision for taxation has been made in this condensed interim financial information.

15. EARNINGS PER UNIT - BASIC AND DILUTED

Earnings per unit (EPU) has not been disclosed, as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

16. TOTAL EXPENSE RATIO

In accordance with regulation 60 (5) of the amended NBFC regulations 2008 the Total Expense Ratio (excluding government levies) of an aggressive fixed income fund is to be capped at 2% of the daily average net assets of the fund during the period. The Total Expense Ratio (annualised) of the Fund for the half year ended December 31, 2016 was 2.51 % which includes 0.35 % representing government levy and SECP fee. This has been capped at 2.35%. The total expense ratio exceeds the 2% capping by Rs. 0.861 million which has been recorded as a receivable from the management company.

17. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AKD Investment Management Limited, being the Management Company of the Fund, Central Depository Company of Pakistan Limited being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, other collective schemes managed by the Management Company, AKD Investment Management Limited - Staff Provident Fund, directors and officers of the Management Company, unit holder's holding more than 10% of the units outstanding and entities having common directorship with the Management Company. All transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Details of transactions and balances with connected persons are as follows:

	----------Unaudited------------	
17.1 Transactions during the period	**Half year ended December 31, 2016**	**Half year ended December 31, 2015**
	--------(Rupees	in '000)--------
AKD Investment Management Limited - Management Company		
Purchase of units (2016: 579,912 ; 2015: 200,180)	**30,700**	10,176
Redemption of units (2016: 593,312 ; 2015: 204,015)	**31,538**	10,474
Management fee	**7,725**	5,361
Sales Tax on management fee	**1,004**	870
Federal excise duty on management fee	**-**	858
Allocated expenses by Management Company	**515**	-
Expenses in excess of TE ratio	**861**	-
Sales load	**2**	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Trustee	**848**	608
Sales Tax on Trustee fee	**110**	85
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units (2016: 34,006 ; 2015: 233,290)	**1,800**	11,840
Redemption of units (2016: Nil ; 2015: 225,005)	**-**	11,500
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread transactions	**282**	-
Key Management Personnel and others		
Spouse- Chief Executive Officer		
Purchase of units (2016: 563,947 ; 2015: 568,688)	**29,890**	29,129
Redemption of units (2016: 455,800 ; 2015: 568,688)	**24,255**	29,560

	----------Unaudited------------	
	Half year ended December 31, 2016	Half year ended December 31, 2015
	--------(Rupees	in '000)--------
Chief Financial Officer		
Purchase of units (2016: 6,953 ; 2015: Nil)	**370**	-
Head of Internal Audit		
Purchase of units (2016: 188 ; 2015: Nil)	**10**	-
Close Relative of the Sponsor of the Management Company		
Purchase of units (2016: Nil ; 2015: 28,719)	**-**	1,500
Redemption of units (2016: Nil ; 2015: 28,719)	**-**	1,502
Unit holder holding 10% or more of the units in issue		
Askari General Insurance Company Limited *		
Purchase of units (2016: 1,699,668)	**89,065**	-
Redemption of units (2016: 283,675)	**15,000**	-

* Prior period comparative has not been shown as the company was not a connected person as at December 31, 2015.

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	--------(Rupees	in '000)--------
17.2 Amounts outstanding as at the period / year end		
AKD Investment Management Limited - Management Company		
Management fee payable	**1,439**	1,057
Sales Load payable	**-**	7
Sales Tax on Management fee payable	**187**	172
Federal Excise Duty on Management fee payable	**4,141**	4,141
Allocated expenses from Management Company payable	**656**	141
Receivable from AKDIML against expenses in excess of TE ratio	**861**	-
Units held (December 31, 2016: Nil units; June 30, 2016: 13,400 units)	**-**	692
AKD Investment Management Limited - Staff Provident Fund		
Units held (December 31, 2016: 89,564 units; June 30, 2016: 55,558 units)	**4,774**	2,870
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**153**	120
CDS charges payable	**10**	59
Sales tax on Trustee fee and CDS Charges Payable	**21**	25
Security Deposit	**100**	100
AKD Cash Fund		
Receivable on conversion of units	**-**	26,379

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	--------(Rupees in '000)--------	
AKD Opportunity Fund		
Receivable on conversion of units	-	2,026
Payable on conversion of units	**1,000**	-
AKD Securities Limited		
Brokerage payable on purchase of listed equity securities for spread transaction	**28**	90
Spouse- Chief Executive Officer		
Units held 108,147 (June 30, 2016: Nil)	**5,764**	-
Chief Financial Officer		
Units held 12,283 (June 30, 2016: 5,330)	**655**	275
Head of Internal Audit		
Units held: 188 (June 30, 2016: Nil)	**10**	-
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan Employees Pension Fund		
Units held (December 31, 2016: 7,428,558 units ; June 30, 2016: 7,428,558 units)	**395,956**	383,705
Askari General Insurane Company Limited *		
Units held (December 31, 2016: 2,766,604 units)	**147,465**	-

* Prior period comparative has not been shown as the company was not a connected person as at June 30, 2016.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the stock exchange.

- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.

- Listed and unlisted debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP) which are calculated in accordance with the provisions contained in Circular 1 of 2009 issued by the Securities and Exchange Commission of Pakistan. The said circular prescribes a valuation methodology which, in case of currently traded securities, is based on weighted average prices during the 15 days preceding the valuation date and in case of thinly or non-traded securities, on the basis of discount coupon method which takes into consideration credit risk and maturities of the instruments.

18.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2016, the Fund held the following financial instruments measured at fair value:

	December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	--------------------(Rupees in '000)--------------------			
Investment in securities - at fair value through profit or loss	176,491	270,286	-	446,777
Investment in securities - available for sale	-	-	-	-

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	--------------------(Rupees in '000)--------------------			
Investment in securities - at fair value through profit or loss	188,794	286,137	-	474,931
Investment in securities - available for sale	-	-	-	-

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 24, 2017 by the Board of Directors of the Management Company.

20. GENERAL

20.1 Figures have been rounded off to the nearest thousand Rupees.

20.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

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